

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

PRS-01 SP-02 AID-05 COME-00 EB-07 FRB-03 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-02 H-02 PM-03 USIE-00 INRE-00

NSCE-00 SSO-00 /081 W

----- 029708

O R 051940Z MAY 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 9034

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LIMA

AMEMBASSY MONTEVIDEO

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E. O. 11652: N/A

TAGS: ECIN, OAS, BR, XM

SUBJECT: PROPOSAL ON COLLECTIVE ECONOMIC SECURITY OAS

REFS: A. STATE 96127

B. CEESI DRAFT CONVENTION (FEB 1975)

C. STATE 147134 (9 JULY 1974)

D. STATE 68862 (5 APRIL 1974)

1. SUMMARY. BRAZIL FORESEES THAT MEANINGFUL AGREEMENT ON COLLECTIVE ECONOMIC SECURITY (CES) IS GOING TO REQUIRE MORE DISCUSSION FOLLOWING GENERAL ASSEMBLY, BUT THIS IS PREFERABLE TO VOTING ON CURRENT TEXT (REF B), WHICH MIGHT GIVE "FORMAL VICTORY" TO PROONENTS BUT WOULD NOT RESULT IN A USEFUL AGREEMENT IF THE US IS OPPOSED. BRAZIL HAS SERIOUS RESERVATIONS

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ABOUT SETTING UP TRIBUNAL TO DETERMINE ECONOMIC DAMAGE AND

AWARD COMPENSATION BINDING ON SIGNATORIES, ESPECIALLY IN  
VIEW OF ITS OWN EXPANDING NETWORK OF LA ECONOMIC RELATIONSHIPS  
AND THE DANGER THAT BRAZIL COULD SOMEDAY ITSELF BE ACCUSED  
OF ECONOMIC "COERCION." RECOMMEND THAT US DEL MAKE  
EARLY ATTEMPT TO DISCUSS CES WITH BRAZILIAN DEL.  
END SUMMARY.

2. IN 2 MAY DISCUSSION WITH EMBOFFS, PAULO LIMA, CHIEF  
OF OAS DIVISION OF FORMIN, SAID THAT BRAZIL:  
-IS CONCERNED ABOUT SOME OF THE PROVISIONS OF THE CUR-  
RENT DRAFT OF THE PROPOSED CES CONVENTION (REF B), AND  
BELIEVES THAT THE BEST APPROACH IS TO CONTINUE DISCUSSIONS AFTER  
THE GENERAL ASSEMBLY IN THE HOPE OF RESOLVING DIFFERENCES;  
--PREFERS THIS APPROACH TO HAVING ISSUE FORCED  
AT GENERAL ASSEMBLY, RESULTING IN A "FORMAL VICTORY" FOR  
PROPOONENTS BUT AN AGREEMENT NOT SUPPORTED BY THE  
US AND ONLY HALF-HEARTEDLY BY SUCH COUNTRIES AS BRAZIL;  
--DOES NOT BELIEVE THAT PERU WILL HAVE ENOUGH SUPPORT  
TO FORCE A VOTE AT THE GENERAL ASSEMBLY.

3. BRAZIL CONTINUES TO OPPOSE THE ESTABLISHMENT OF HIGH-  
LEVEL TRIBUNALS WITHIN THE OAS TO HEAR CHARGES OF ECONOMIC  
COERCION, DETERMINE DAMAGES, AND AWARD COMPENSATION (REF B,  
ARTICLE 9) WHOSE PAYMENT WOULD BE BINDING ON SIGNATORIES  
(REF B, ARTICLE 12). LIMA MADE CLEAR THAT BRAZIL'S VIEWS  
ON THIS WERE AFFECTED BY ITS OWN EXPANDED ECONOMIC TIES  
THROUGHOUT THE HEMISPHERE, AND THE DISTINCT POSSIBILITY  
THAT BRAZIL COULD SOMEDAY BE CONFRONTED WITH CHARGES OF  
COERCION LEVIED BY ITS NEIGHBORS. HE ALSO POINTED TO BRAZIL'S  
CONCERN THAT, WITHOUT FIRM GUIDELINES, TRIBUNAL COULD MAKE  
DECISIONS ON POLITICAL GROUNDS AND ON A WIDE RANGE OF SUBJECTS.  
AS A HYPOTHETICAL EXAMPLE, LIMA SAID THAT URUGUAY MIGHT BE ABLE  
TO SEEK REDRESS AGAINST BRAZIL IF A NEW PORT IN PORTO ALEGRE  
CAUSED ECONOMIC HARM TO MONTEVIDEO'S PORT. AS ANOTHER EXAMPLE,  
HE NOTED THAT THE US COULD APPEAL FOR COMPENSATION IF A BRAZILIAN  
TRADE ACTION DAMAGED US ECONOMIC INTERESTS.

4. EMBOFFS AGREED THAT, WHILE SUPPORTING THE CONCEPT OF CES,  
US HAS SAME CONCERNS OVER TRIBUNAL WITH ILL-DEFINED JURISDICTION,  
NO FACT-FINDING MECHANISM, INADEQUATE GUIDELINES, AND POTENTIAL  
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FOR TAKING POLITICALLY-MOTIVATED ACTIONS. EMBOFFS REITERATED US  
SUPPORT FOR EXPANDED USE OF CONCILIATION, CONSULTATION AND EXCHANGE  
OF INFORMATION AS THE MOST USEFUL APPROACH TO CES.

5. IN POST-GENERAL ASSEMBLY DISCUSSIONS ON CES, LIMA SAID THAT  
BRAZIL WOULD WORK TO BROADEN THE CONCEPT OF CES TO ENCOMPASS FOUR  
BASIC ASPECTS INCLUDED IN BRAZIL'S UN PROPOSAL ON CES: (A)  
INQUIRY AND STUDY AIMED AT FORESEEING POTENTIAL PROBLEMS, (B)

MECHANISMS TO CORRECT INTERNATIONAL INCOME INEQUALITIES AND PROMOTE ECONOMIC DEVELOPMENT, (C) AN "EMERGENCY" DEVICE TO COALESCE SUPPORT FOR A SERIOUSLY AFFECTED COUNTRY, AND (D) A "REGULATORY" FUNCTION FOR IDENTIFYING NEW AREAS WHERE CODES OF CONDUCT CAN BE WORKED OUT. OVERALL, ACCORDING TO LIMA, THE BRAZILIAN GOAL IS TO MAKE

CHANGING THE NEGATIVE TONE OF THE PERUVIAN INITIATIVE WHICH CENTERS ON THE SANCTION-LEVYING TRIBUNAL, A FEATURE NOT PRESENT IN BRAZIL'S CONCEPT OF THE "REGULATORY" FUNCTION.

6. RECOMMENDATION. THE BRAZILIAN DELEGATION WILL BE RECEPTIVE TO ANY INITIATIVE TO CONTINUE DISCUSSIONS AND FORESTALL A VOTE ON CES, WITH THE OBJECTIVE OF TRYING TO REACH AN EVENTUAL CONSENSUS ALONG THE LINES OF BRAZILIAN THINKING. THERE, EMBASSY RECOMMENDS THAT US DEL SEEK EARLY, PRIVATE MEETING WITH BRAZILIAN DEL IN ORDER EXPLORE OPPORTUNITIES FOR MUTUAL SUPPORT IN GENERAL ASSEMBLY AND IN DISCUSSIONS THEREAFTER.

CRIMMINS

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